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HOUSE RESEARCH ORGANIZATION

daily floor report

Tuesday, August 08, 2017
85th Legislature, First Called Session, Number 15
The House convenes at 10 a.m.

Three bills and one joint resolution are on the daily calendar for second-reading consideration today. They are listed on the following page. The House also is scheduled to consider HB 179 by Roberts on third reading.

The following House committees were scheduled to hold public hearings today: Public Education in Room E2.036 at 8 a.m. and Defense and Veterans' Affairs in Room E1.026 at 10:30 a.m. or on adjournment. Appropriations was scheduled to hold a formal meeting in Room 1W.14 (Agricultural Museum) at 9:30 a.m.

The Senate Business and Commerce Committee was scheduled to hold a public hearing in Room E1.016 at 9 a.m.



Dwayne Bohac
Chairman
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HOUSE RESEARCH ORGANIZATION

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Tuesday, August 08, 2017

85th Legislature, First Called Session, Number 15

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SUBJECT: Allowing a homestead exemption for certain partially disabled veterans

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 8 ayes — D. Bonnen, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson

1 nay — Y. Davis

2 absent — Bohac, E. Johnson

WITNESSES: For — (*Registered, but did not testify*: Alexie Swirsky)

Against — Hilary Shine, City of Killeen; (*Registered, but did not testify*: Tom Tagliabue, City of Corpus Christi; Jerry Bark, City of Harker Heights; Dana Blanton)

BACKGROUND: Texas Constitution, Art. 8, sec. 1-b(i) authorizes the Legislature to provide a partial or total residence homestead exemption to a 100 percent disabled veteran.

Sec. 1-b(j) allows the Legislature to provide a partial or total residence homestead exemption to the surviving spouse of a 100 percent disabled veteran, provided that the spouse had not remarried, the property was the spouse's residence homestead at the time of the veteran's death, and the property remained the spouse's residence homestead.

Art. 8, sec. 2(b) allows the Legislature by general law to exempt property owned by a disabled veteran or surviving spouse and minor children from property taxes. A veteran with a disability rating of at least 10 percent is eligible, with exemptions ranging up to \$12,000, depending on disability rating, age, and type of disability.

DIGEST: HJR 27 would amend the Texas Constitution to allow the Legislature to entitle a partially disabled veteran to a homestead exemption in an amount equal to the percentage of the veteran's disability rating. To qualify, a partially disabled veteran would have to be certified with a disability

rating of at least 80 percent but less than 100 percent. The Legislature could provide additional eligibility requirements for the exemption.

Conditions under Texas Constitution, Art. 8, sec. 2(b) would not apply to the homestead exemption for partially disabled veterans under the resolution.

The resolution also would allow the Legislature to provide the surviving spouse of a qualified, partially disabled veteran a homestead exemption of the same percentage to which the disabled veteran was entitled, provided the surviving spouse met the conditions under Art. 8, sec. 1-b(j).

The ballot proposal would be presented to voters at an election on November 7, 2017. The proposal would read: "The constitutional amendment authorizing the legislature to provide for an exemption from ad valorem taxation of part of the market value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran based on the disability rating of the veteran and harmonizing certain related provisions of the constitution."

**SUPPORTERS
SAY:**

HJR 27 would signal that Texas honors the sacrifices of its veterans and families by providing some of the most severely disabled veterans with a homestead exemption equal to their disability rating.

Current law provides partially disabled veterans an exemption on one property in a preset dollar amount based on disability rating and other factors, up to \$12,000. One hundred percent disabled veterans are entitled to a total homestead exemption. Veterans who are at least 80 percent disabled deserve property tax relief for their service beyond the exemption amounts available for partially disabled veterans.

The proposed exemption for partially disabled veterans could help prevent them from being taxed out of their homes and would not inordinately burden military communities. HJR 27 would not create a total homestead exemption, and the disabled veteran still would pay the remaining percentage of taxes due. Further, the enabling legislation, HB 129 by Leach, would reduce the impact to certain communities by adding the exemption into the calculation for eligibility to receive state assistance to

make up for a portion of the revenue lost to homestead exemptions for certain disabled veterans.

OPPONENTS
SAY:

HJR 27 would allow the Legislature to place a requirement on local governments that could disproportionately harm military communities by allowing for the erosion of local government property tax bases. Exempting a specific category of people, regardless of how deserving they may be, also results in an increased tax burden on other homeowners.

NOTES:

CSHB 129 by Leach, the enabling legislation for HJR 27, is set for second-reading consideration on today's calendar.

According to the Legislative Budget Board, HJR 27 would have no fiscal implication to the state other than the cost for publication of the resolution, which would be \$114,369. Any additional fiscal implication would be attributable to the resolution's enabling legislation.

SUBJECT: Creating a homestead exemption for certain disabled veterans and spouses

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 9 ayes — D. Bonnen, Y. Davis, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

2 absent — Bohac, E. Johnson

WITNESSES: For — (*Registered, but did not testify*: Frederick Frazier, Dallas Police Association; Jack Taylor, Texas Veterans for Veterans' Tax Relief; Alexie Swirsky)

Against — Hilary Shine, City of Killeen; (*Registered, but did not testify*: Eric Glenn, City of Killeen; Deece Eckstein, Travis County Commissioners Court)

On — (*Registered, but did not testify*: Jerry Bark, City of Harker Heights)

BACKGROUND: Tax Code, sec. 11.131 entitles a 100 percent disabled veteran or the surviving spouse of a 100 percent disabled veteran who has not remarried to a total residence homestead exemption.

Sec. 11.22 provides a partial exemption to taxation on one property owned by a disabled veteran, surviving spouse, or minor children. The amount of the exemption is determined by the veteran's disability rating, age, and type of disability, up to \$12,000 of the assessed value of the property.

Local Government Code, sec. 140.011 entitles a local government to receive a disabled veteran assistance payment from the state if the comptroller determines that the local government's amount of property tax revenue lost to total homestead exemptions for 100 percent disabled veterans is at least 2 percent of its general fund revenue for the fiscal year.

DIGEST: CSHB 129 would entitle a disabled veteran who had a disability rating of

at least 80 percent but less than 100 percent to a homestead exemption equal to the veteran's disability rating.

The bill also would entitle the surviving spouse of a disabled veteran who qualified for the exemption at the time of the disabled veteran's death to continue receiving an exemption of the same percentage on the same property under certain conditions. The surviving spouse would be eligible if the surviving spouse had not remarried, the property was the residence homestead of the surviving spouse when the disabled veteran died, and the property continued to be the residence homestead of the surviving spouse. The exemption also could follow a surviving spouse who had not remarried to a new homestead but would be limited to the dollar amount of the exemption for the former homestead in the last year it was received.

CSHB 129 would add property tax revenue lost to the exemption under the bill into the calculation for local government eligibility to receive disabled veteran assistance payments.

CSHB 129 would take effect January 1, 2018, contingent on voter approval of the constitutional amendment proposed by HJR 27 by Leach, authorizing the Legislature to provide a partial residence homestead exemption for certain partially disabled veterans and their surviving spouses. It would apply to a tax year beginning on or after that date.

**SUPPORTERS
SAY:**

CSHB 129 would signal that Texas honors the sacrifices of its veterans and families by providing some of the most severely disabled veterans with a homestead exemption equal to their disability rating. Current law provides partially disabled veterans an exemption on one property in a preset dollar amount based on disability rating and other factors, up to \$12,000. One hundred percent disabled veterans are entitled to a total homestead exemption. Veterans who are at least 80 percent disabled deserve property tax relief for their service beyond the exemption amounts currently available for partially disabled veterans.

The bill could help to prevent veterans from being taxed out of their homes and would not excessively burden military communities. Rather, it would help to resolve some of the disproportionate impact these communities face from military homestead exemptions by making it

easier for them to qualify for state assistance payments. Currently, to qualify, a local government must demonstrate that it lost at least 2 percent of yearly property tax revenue to homestead exemptions for 100 percent disabled veterans. The bill would entitle a locality to receive a state assistance payment if it lost at least 2 percent of yearly property tax revenue to homestead exemptions for both 100 percent disabled veterans and certain partially disabled veterans.

**OPPONENTS
SAY:**

CSHB 129 would place a requirement on local governments that could disproportionately harm military communities by allowing for further erosion of local government property tax bases. Exempting a specific category of people, regardless of how deserving they may be, results in an increased tax burden on other homeowners.

NOTES:

CSHB 129 is the enabling legislation for HJR 27 by Leach, which is set for second-reading consideration on today's Constitutional Amendments Calendar.

According to the Legislative Budget Board's fiscal note, CSHB 129 would have no impact in fiscal 2018 but would have a negative impact of \$401,000 to general revenue related funds in fiscal 2019, with costs increasing to about \$212.6 million in fiscal 2020-21. The bill is projected to have a negative fiscal impact of \$27 million on units of local government in fiscal 2019.

CSHB 129 differs from the bill as filed by including lost property tax revenue from the proposed exemption in the calculation for local government disabled veteran assistance payments.

SUBJECT: Allowing deployed military members to defer payment of property taxes

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 9 ayes — D. Bonnen, Y. Davis, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

2 absent — Bohac, E. Johnson

WITNESSES: For — (*Registered, but did not testify*: Daniel Gonzalez, Texas Association of Realtors; Julia Parenteau, Texas Association of Realtors; Michael Pacheco, Texas Farm Bureau; Diana McDonnell; Alexie Swirsky)

Against — (*Registered, but did not testify*: Hilary Shine, City of Killeen; Dana Blanton)

BACKGROUND: Tax Code, sec. 31.02 allows active-duty members of the U.S. military who have been transferred out of state as a result of a declaration of war or national emergency to defer payment of delinquent property taxes without incurring interest or a penalty. These service members must pay their delinquent taxes by the 60th day after they are discharged, they return to non-active status, they return to Texas for more than 10 days, or the war or national emergency ends.

DIGEST: HB 115 would extend the deferral of delinquent property tax payments to active-duty military service members deployed outside of Texas for any reason — not just those deployed during a declared war or national emergency. Delinquent taxes not paid within the deferral period would begin accruing interest at a rate of 6 percent for each year the tax remained unpaid but would not incur a penalty.

The bill would take effect December 1, 2017, and would apply only to interest and penalties on delinquent taxes paid on or after that date.

**SUPPORTERS
SAY:**

HB 115 would update Texas law in response to changes at the national level, ensuring that deployed members of the military were able to take advantage of the deferment offered by Tax Code, sec. 31.02. The bill is necessary because the current law requires a declaration of war, which is not typical of modern military operations, and thereby forces tax assessor-collectors to deny property tax deferrals. This bill would help ensure that members of the armed forces were not unknowingly taxed out of their houses while deployed, giving them sufficient time to settle their affairs after they returned home.

HB 115 would not necessarily have a large impact on communities with high populations of active-duty military members, as many military members do not own their homes because they are required to move frequently. Many who do own their homes pay property taxes into escrow as part of their regular mortgage payments and would not be affected by HB 115.

**OPPONENTS
SAY:**

HB 115 would put certain communities with high populations of active-duty military at risk of losing a significant chunk of their total tax revenue to deferrals. As deployments can last a year or more, a tax deferral in such a community for deployed active duty military could delay a significant amount of revenue until the next budget cycle, making it difficult to properly budget and harming a locality's ability to provide service. If the state decided to extend such deferrals to service members, it could help avoid this outcome by temporarily reimbursing disproportionately impacted localities.

NOTES:

In its fiscal note, the Legislative Budget Board (LBB) projects that HB 1632 would create a cost to local taxing units and to the state through the school finance formulas by increasing the number of property tax deferrals and the attendant reduction in interest and penalties. Because the number and timing of the additional referrals cannot be estimated, neither can the amount of the costs, according to the LBB.

SUBJECT: Prohibiting elective abortion coverage under certain health benefit plans

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 9 ayes — Cook, Craddick, Geren, Guillen, K. King, Kuempel, Meyer, Paddie, Smithee

2 nays — Oliveira, E. Rodriguez

2 absent — Giddings, Farrar

WITNESSES: For — Joe Pojman, Texas Alliance for Life; John Seago, Texas Right to Life; Nicole Hudgens, Texas Values Action; (*Registered, but did not testify*: Adam Cahn, Cahnman's Musings; Salvador Ayala, Empower Texans; Jason Vaughn, Pro-Life Texas; Kyleen Wright, Texans for Life; Jenny Andrews, Texas Alliance for Life; Jennifer Allmon, Texas Catholic Conference of Bishops; Emily Horne, Texas Right to Life; Thomas Parkinson)

Against — Brenda Koegler, League of Women Voters of Texas; Amanda Williams, Lilith Fund; Blake Rocap, NARAL Pro-Choice Texas; Shanna Lea, Planned Parenthood; Bianca Mason; (*Registered, but did not testify*: Rebecca Marques, ACLU of Texas; Juliana Kerker, American Congress of Obstetricians and Gynecologists-Texas District; Heather Busby and Zoraima Pelaez, NARAL Pro-Choice Texas; Addie Alexander, Chin, Jenna Pagel, L. Pagel, and Victoria Tisor, Planned Parenthood; Elodia Rodriguez and Sarah Wheat, Planned Parenthood Greater Texas; Sadie Hernandez, Planned Parenthood Texas Votes; Lucy Stein, Progress Texas; Lee Daugherty, Stonewall Democrats of Dallas; John Burleson, Travis County Resistance, and 65 individuals)

On — Amy Dowd; Amy Hedtke; (*Registered, but did not testify*: Doug Danzeiser and Jan Graeber, Texas Department of Insurance)

BACKGROUND: 42 U.S. Code sec. 18023 provides that a state may elect to prohibit abortion coverage in qualified health plans offered through a health benefit exchange in the state if the state enacts a law to provide for such a

prohibition.

A qualified health plan under the federal Patient Protection and Affordable Care Act (ACA) is a health insurance plan that provides federally required essential health benefits, follows federally established limits on cost-sharing (such as deductibles, copayments, and out-of-pocket maximum amounts), and is certified by a health benefit exchange. Qualified health plans are made available to consumers in Texas through a federal health benefit exchange, also known as a health insurance marketplace.

Health and Safety Code, sec. 245.002(1) defines "abortion" as an act or procedure performed after pregnancy has been medically verified and with the intent to cause the termination of a pregnancy other than for the purpose of either the birth of a live fetus or removing a dead fetus. The term does not include birth control devices or oral contraceptives.

Sec. 171.002(3) defines "medical emergency" as a life-threatening physical condition aggravated by, caused by, or arising from a pregnancy that, as certified by a physician, places the woman in danger of death or a serious risk of substantial impairment of a major bodily function unless an abortion is performed.

DIGEST:

HB 214 would prohibit certain health insurance plans from providing coverage for an elective abortion. The bill would not prevent a person from purchasing optional or supplemental coverage for elective abortion under a health benefit plan other than a qualified health plan offered through a health benefit exchange.

The bill would define "elective abortion" as an abortion in Health and Safety Code, sec. 245.002, other than an abortion performed due to a medical emergency as specified in sec. 171.002.

Affected health benefit plans. The bill would apply to a health benefit plan that is offered by: an insurance company, a group hospital service corporation, a fraternal benefit society, a stipulated premium company, a reciprocal exchange, a health maintenance organization, an Employee Retirement Income Security Act (ERISA) group health plan that holds a

certificate of authority, or a nonprofit health corporation that holds a certificate of authority.

It also would apply to:

- group health coverage made available by a school district;
- a basic coverage plan under the Texas Employees Group Benefits Act;
- a basic plan under the Texas Public School Employees Group Benefits Program;
- a primary care coverage plan under the Texas School Employees Uniform Group Health Coverage Act;
- basic coverage under the Uniform Insurance Benefits Act for employees of the University of Texas and Texas A&M systems;
- a small or large employer health benefit plan subject to the Health Insurance Portability and Availability Act (HIPAA) in Insurance Code, ch. 1501; and
- a consumer choice of benefits plan issued under Insurance Code, ch. 1507.

A qualified health plan offered through an Affordable Care Act (ACA) health benefit exchange would be prohibited from providing coverage for an elective abortion.

Exceptions. The bill would exempt health benefit plan coverage provided to an enrollee for a non-elective abortion.

Authorized coverage. A health benefit plan could provide coverage for elective abortion only if:

- the coverage was provided to an enrollee separately from other health benefit plan coverage offered by the issuer;
- the enrollee paid a separate premium for elective abortion coverage in addition to the premium for other health benefit plan coverage; and
- the enrollee provided a signature for elective abortion coverage, separately and distinct from the signature required for other health

benefit plan coverage provided by the issuer.

Calculating premiums. A health benefit plan issuer that provided coverage for elective abortion would have to calculate an enrollee's premium so that the premium fully covered the estimated cost of elective abortion per enrollee, determined on an actuarial basis. When calculating the premium, the issuer could not take into account any cost savings in other health benefit plan coverage that was estimated to result from coverage for elective abortion.

A health benefit plan issuer could not discount an enrollee's premium or reduce an enrollee's premium on the basis that the enrollee had health benefit plan coverage for elective abortion.

Notice. The bill also would require a health benefit plan issuer that provided coverage for elective abortion to provide each enrollee, upon plan enrollment, with notice that:

- coverage for elective abortion was optional and separate from other health benefit plan coverage offered by the health benefit plan issuer;
- the premium cost for coverage for elective abortion was a premium paid separately from and in addition to the premium for other health benefit plan coverage offered by the issuer; and
- the enrollee could enroll in a health benefit plan without obtaining coverage for elective abortion.

Effective date. The bill would take effect December 1, 2017, and would apply to a qualified health plan offered through a health benefit exchange or a health benefit plan issued on or after April 1, 2018.

SUPPORTERS
SAY:

HB 214 would allow Texans individually to decide whether or not to pay for health insurance coverage for elective abortions. Federal law allows states to opt out of paying for abortions under the federal health insurance exchange, which more than 20 states already have done.

Many Texans do not want to pay for abortion coverage as part of their basic health insurance plan for moral or other reasons. The bill would

enhance transparency and help ensure that Texans were not paying for health insurance coverage that they did not want or need.

The bill would allow for qualified health plans under the Affordable Care Act (ACA) and other health benefit plans to cover elective abortions only in the case of a medical emergency, as currently defined in the Health and Safety Code. This provision would help ensure that women had coverage to terminate a pregnancy that was life-threatening and in certain other situations.

The bill would not ban elective abortions. Texans could choose to carry a supplemental insurance plan for elective abortion coverage, if needed, or they could choose a private insurance plan that provided that coverage separately from the issuer's other health coverage. Some organizations and abortion facilities offer financial assistance to low-income women who cannot afford to pay for abortions.

OPPONENTS
SAY:

HB 214 could create a situation in which a woman might not have insurance coverage if she and her doctor determined it was necessary to terminate a wanted, planned pregnancy. This could occur, for example, due to a woman's diagnosis with cancer or the development of a serious fetal abnormality that did not clearly meet the definition of a "medical emergency" under state law.

The bill would not include an exception for insurance to cover abortion in the case of rape or incest. Before being faced with such a situation, a woman might not have thought she would need supplemental abortion insurance, which is one reason abortion coverage should not be excluded from basic health insurance plans.

HB 214 disproportionately would affect low-income women who cannot afford to purchase supplemental insurance in addition to their basic health insurance plan. Increasing the financial burden on women could incentivize them to seek unsafe abortion methods, which could endanger their lives.

The bill would open the door to possible exclusions on other basic health insurance coverage. Insurance companies, not the state, should decide

which benefits to include in standard health insurance coverage.

NOTES: A companion bill, SB 8 by Creighton, was approved by the Senate on July 26.